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S E C R E T ROME 001389

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E.O. 12958: DECL: 25X1-HUMAN

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SUBJECT: ITALY: ARE BERLUSCONI'S TROUBLES MORE SERIOUS THAN HE BELIEVES?

REF: A) 03 ROME 1143 B) 02 ROME 11 C) 03 ROME 757

Classified By: THE AMBASSADOR, REASONS 1.4 (B) AND (D).

SUMMARY

1. (S) Italian Senate President Pera alleged that President Ciampi, together with the center-left and Chamber President Casini, was plotting a "constitutional coup d'etat" against Berlusconi, attempting to force June elections. In a separate, earlier meeting, however, Casini accused PM Berlusconi of "trying to give the government to the left as fast as possible" and insisted angrily that the PM "must face reality." Pera, a loyal ally to PM Berlusconi, has in the past seen the sky to be falling when it was not. Casini, however, is deeply ambitious. Offered the Presidency of the Republic after Ciampi, he might be hard-pressed to resist. On balance, we are inclined to think that Berlusconi will regather his coalition and we will see a "Berlusconi Bis" government confirmed next week, but this remains a very uneasy alliance. END SUMMARY.

PERA PREDICTS COUP

2. (S) Ambassador paid farewell courtesy calls on Senate President Marcello Pera (Forza Italia, FI) and Chamber of Deputies President Pier Ferdinando Casini (Union of Christian Democrats of the Center, UDC) on April 22 and April 21, respectively. While Casini made clear that intra-coalition arguments were not resolved, Pera predicted direly that President of the Republic Ciampi, working with the left and Casini, was plotting a "constitutional coup d'etat" against PM Berlusconi with the goal of forcing the current government out and holding June elections. Pera harkened to the role Ciampi played questioning U.S. deployment from Italy to Iraq: "What he did to you in Iraq, he is trying to do to Berlusconi now." (Ref A)

3. (S) Pera told the Ambassador that he and Casini had each received a letter from Ciampi immediately prior to the Ambassador's arrival. Pera believed the letter represented a threat to force elections in June. (He did not show the Ambassador the letter; Pera only spoke of it.) He had immediately telephoned Berlusconi to warn him. Ciampi will be calling you in a few hours, Pera said he told the PM. You must have your list of ministers in hand and you must tell the President that the confidence vote will be Tuesday. Although worried, Pera seemed to think such a strategy -- if it could be pulled off within the coalition -- could succeed in outflanking Ciampi. He and the Ambassador briefly touched on various possibilities for a new line-up, and Pera implied a new list of ministers was workable, if all partners were willing. (Note: Berlusconi will see Ciampi at 18:30 local time.)

REDISTRICTING QUESTION

4. (S) Pera told the Ambassador that Ciampi's letter said Parliament should have "re-styled your constituencies." Pera did not elaborate, but he thought this phrase represented a Ciampi threat to prevent a reconstituted Berlusconi government. It is a reference to redistricting, which has not been an issue in Italy, except in one relatively noncontroversial context. The 2001 law to permit Italians living abroad to vote (Ref B) requires electoral districts to be redesigned in order to create an "overseas district." There is no deadline for accomplishing this in the legislation. One conclusion could be that the districts would have to be drawn before the next election. If Pera's hypothesis is correct, Ciampi could have found an interpretation allowing him to assert that the Government's recent contingency plans for early elections violated this law, for example. From our reading in-house, it would seem a weak case, but lawyers could presumably argue both sides.

CASINI BLAMES BERLUSCONI

5. (C) In the Ambassador's call on Casini the prior day, Casini said he had just quarreled with Berlusconi on the telephone. (UDC Secretary Follini and Mario Baccini, former

Minister for Public Administration, were leaving Casini's office as the Ambassador arrived.) Not sounding like one in league with the left, Casini fumed that Berlusconi was "trying to give the government to (the left) as fast as possible. We told him he must look reality in the face. Before, Italians were with you regardless of your merits. Now, they are against you regardless of your merits." Casini asserted that "the political winds" were against Berlusconi. More calmly, he said that if Berlusconi would give voters the message he gave Parliament, admitting to problems and resolving to face them, he might regain their trust. The PM also needed to develop a realistic plan, Casini said. "We need a single party of the right," he added, "A grand moderate party, with no more divides." The Ambassador asked if there was a program to which all four coalition parties could agree. Three of the parties are close, Casini replied. "The Northern League is the problem, and Berlusconi is too close to the League." (Note: Numerically, the coalition can likely survive without the League. It would retain its majority in the Senate and be two votes shy in the Chamber, votes it could possibly gain from independents. This is clearly not Berlusconi's preference. The coalition loses its majority in both chambers without UDC. End Note.)

IS A COUP IN THE WORKS?

16. (S) Pera has predicted that the sky was falling in the past; he tends to offer a pessimistic view of events when the political situation gets tense. On the other hand, President Ciampi, while in most cases preserving the neutrality normally expected of Italy's President of the Republic, is more closely affiliated with the left than the right. (In point of fact, this is true of most older Italian politicians, as the only "right" that existed in Italy until the emergence of Berlusconi's Forza Italia and the restructuring of Fini's National Alliance (AN) was the Fascist Party, AN's predecessor.) He is also close to many of those in the former Christian Democrat (DC) party structure, until the 1990s "Tangentopoli" scandal THE power structure in Italy. It is widely assumed that, as a cultured professional politician, Ciampi shares the distaste for Berlusconi held by many of Italy's (and Europe's) political elite. Considered a brash, rich businessman, the PM is not what the political class considers one of its own. Pera told the Ambassador that the PM "will have to go to Bermuda, or he will go to jail." Pera's perceived Ciampi-Casini-left alliance "will get rid of" the PM, he insisted.

CASINI, UDC AND THE "GRAND CENTER"

17. (S) Casini is a man of expansive personal ambition; he wants to be either Prime Minister or President of the Republic. He and his UDC colleagues, including Marco Follini, believe in the holy grail of the former Christian Democrats -- the dream of a "grand center." For Casini, the dream would be even more alluring if he had a principle role. In an April 22 meeting with the DCM on a separate subject, the PM's Diplomatic Adviser (and nominee for Ambassador to Washington) Giovanni Castellaneta, referred to those (unnamed) who "still have the dream of reconstituting the old DC." Castellaneta categorized the notion as a "false dream;" history has moved on, he said. We agree. We see no logical reason for UDC to sabotage the governing coalition, unless it were to crassly jump ship and join the center-left. Casini has said he would not do this. If, however, Prodi came to him and said "Help the left take back Parliament, and you will be President of the Republic," what would Casini answer? This could happen without UDC's specifically joining a center-left government.

18. (S) If elections were called now, virtually all observers (with the possible exception of Berlusconi) agree the center-right would lose. Voter dissatisfaction over lack of delivery on promised programs, and most importantly, perceived losses in economic standing, is high. The dream of an UDC-led grand center, however, posits that UDC would draw back into the fold all former centrist Christian Democrats -- Francesco Rutelli's Margherita, members of FI, a few from AN, and others from hither and yon. Are Casini and Follini convinced now is the time? The numbers are not there for the "grand center" to take a majority. Those who believe the search for this grail is motivating UDC, however, say the party does not seek a majority -- only enough to be kingmaker of the next governing coalition. Logical flaws remain. UDC has said it would not govern with the left. If that is true, why follow the quest, eviscerating the only coalition UDC could join and leaving it on the sidelines -- maybe with the one-man prize of the Presidency? Under all permutations of the grand center scenario, it strikes us that the Italian voters would see this for the blatant political maneuver it would be, and we wonder if they would reject out of hand the actors in the drama. But perhaps a good salesman (and Casini is a skilled politician) could sell the product effectively.

ITALY IN IRAQ

19. (S) In both of the Ambassador's conversations, the subject of Italy's participation in Iraq arose. Pera told Ambassador that if early elections come and Prodi wins, "he is guaranteed to pull Italian troops out of Iraq, just like Zapatero." Casini, on the other hand, praised effusively Berlusconi's willingness to lead Italy into Iraq. "It is the best thing this Government has done," Casini told the Ambassador, "And it is to Berlusconi's personal credit." No one else could have done it, Casini said. The Ambassador underscored the importance of what Italy and America are accomplishing in Iraq, Afghanistan and elsewhere. "We are changing the world, and Italy is at our side." Casini echoed the Ambassador's conviction that our joint international efforts and Italian-American friendship were crucial.

COMMENT

10. (S) On balance, we are inclined to believe that President Pera is experiencing another bout of philosophical "depression" about this fractious, fragile coalition's future. We are inclined to think that, by heeding Pera's warning and exerting his utmost persuasion and tact, Berlusconi will regather his coalition and we will see a "Berlusconi Bis" government confirmed next week. We cannot, however, entirely rule out Casini's ambition or UDC's quest.

SEMBLER

NOTE: SVC FOR DECLASS DATE

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2005ROME01389 - Classification: SECRET